



September 25, 2003

Highlights of the Conference Report to Accompany H.R. 2658, the Department of Defense Appropriations Act

The Conference Report, H. Rept. 108-283, was filed on September 24, 2003.

Noteworthy

- The Senate will begin consideration of the Conference Report to accompany H.R. 2658, the Department of Defense Appropriations bill, at 10:30 a.m. on September 25.
- The Conference Report includes \$368.7 billion for FY 2004 for the Department of Defense, which is \$453.7 million less than the Senate-passed bill, and \$3.6 billion less than the President's request.
- The bill fully funds key readiness programs critical to the Global War on Terrorism. (The bill does not, however, include the Administration's pending FY 2004 request for Iraq and Afghanistan.
- The Conference Report includes an average military pay raise of 4.1 percent in calendar year 2004 and an increase of \$128 million for Family Separation Allowance and Imminent Danger pay.
- H. Rept. 108-283 includes \$66.2 million to fund 12 additional Weapons of Mass Destruction (WMD) Civil Support Teams (CST) in FY 2004 for States facing significant port and coastal security challenges.
- The Report provides multi-year procurement authority for five Virginia Class submarines.
- The Conference Report passed the House by a vote of 407-15 on September 24.

Highlights

Title I – Military Personnel

The Conference Report provides **\$98.45 billion** for Title I, which is \$486.3 million below the Senate-passed bill and \$490.6 million below the President's request.

Items of note include:

- an average military pay raise of 4.1 percent in calendar year 2004;
- an increase of \$128 million for Family Separation Allowance and Imminent Danger Pay;
- an increase in the Basic Allowance for Housing to reduce average out-of-pocket expenses from 7.5 percent to 3.5 percent; and
- \$22 million for 264 Active Guard Personnel to support 12 additional Civil Support Teams.

The Conference Report does not approve the consolidation of Guard and Reserve personnel with their respective active component appropriation. Personnel appropriations for specific branches are broken down as follows: Army (\$28.2 billion); Navy (\$23.2 billion); Marine Corps (\$8.9 billion); Air Force (\$22.9 billion); Army Reserve (\$3.57 billion); Navy Reserve (\$2 billion); Marine Corps Reserve (\$571.4 million); Air Force Reserve (\$1.29 billion); Army National Guard (\$5.5 billion); and Air National Guard (\$2.17 billion).

Title II – Operations and Maintenance

The Conference Report fully funds key readiness programs critical to the Global War on Terrorism by providing **\$115.9 billion** for Operations and Maintenance, which is \$328.1 million above the Senate-passed bill and \$1.04 billion below the President's request.

Items of note include:

- an additional \$72 million for environmental cleanup at Formerly Used Defense Sites (FUDS) (for a total of \$284.6 million);
- an additional \$30 million for transition costs for Army Stryker Brigade Combat Team (SBCT) units;
- an additional \$39 million for Special Operation Forces to prosecute the Global War on Terrorism;
- an additional \$100 million to National Guard and Reserve accounts for base operations and facility maintenance; and
- an additional \$66.2 million to fund 12 additional Weapons of Mass Destruction (WMD) Civil Support Teams (CST) in FY 2004 for States facing significant port and coastal security challenges.

Operations and Maintenance appropriations for **service branches** are broken down as follows: Army (\$25 billion); Navy (\$28.1 billion); Marine Corps (\$3.4 billion); Air Force (\$26.9 billion); Defense-Wide (\$16.2 billion); Army Reserve (\$2 billion); Navy Reserve

(\$1.17 billion); Marine Corps Reserve (\$174 million); Air Force Reserve (\$2.18 billion); Army National Guard (\$4.3 billion); and Air National Guard (\$4.4 billion).

Additional items in Title II include: Overseas Contingency Operations Transfer Fund (\$5 million); United States Court of Appeals for the Armed Forces (\$10.3 million); Environmental Restoration (\$1.35 billion); Overseas Humanitarian, Disaster, and Civic Aid (\$59 million); and Former Soviet Union Threat Reduction (\$450.8 million).

Title III – Procurement

The Conference Report provides **\$74.66 billion** for Procurement, which is \$680 million more than the Senate-passed bill, and \$1.935 billion more than the President's request.

Items of note include:

- additional funding of \$120 million for Stryker Brigades; \$20 million for Up-Armored Humvees; \$155 million for M1A2 SEP tanks and \$221 million for Bradley's for the 3rd Armored Cavalry Regiment; \$60 million for additional PAC-3 missiles; \$19.5 million for acquisition of JPATS aircraft; \$450 million for refueling of two SSN submarines; \$135 million for advanced procurement for the LPD-23; an additional \$69 million for ammunition; \$20 million for Litening Targeting Pods for the Air National Guard; and \$400 million for equipment for the National Guard and Reserve.

The following section highlights major procurement spending categories. The figures in parentheses are the Senate-passed appropriation numbers for comparison.

- **Aircraft.** The Conference Report includes \$2.15 billion (\$2.03 billion) for **Army** aircraft procurement; \$9.11 billion (\$9.02 billion) for **Navy** aircraft procurement; and \$12.09 billion (\$12.0 billion) for **Air Force** aircraft procurement. Additional aircraft included in the Conference Report: nine UH-60 Blackhawk helicopters; two UC-35 aircraft; acquisition of nine V-22 aircraft; acquisition of 42 F-18E/F aircraft; acquisition of 22 F-22 aircraft; and acquisition of 11 C-17 transports.
- **Shipbuilding and Conversion.** The Conference Report includes \$11.47 billion (\$11.68 billion) for shipbuilding and conversion, and includes multi-year procurement authority for five Virginia Class submarines.
- **Missiles, Weapons, and Ammunition.** The Conference Report includes \$4.75 billion (\$4.6 billion) for the **Army** for missiles, weapons, tracked combat vehicles, and ammunition. The **Navy** receives \$3.03 billion (\$2.89 billion) for weapons and ammunition, and the **Air Force** receives \$5.43 billion (\$5.48 billion) for missiles and ammunition.

Title IV – Research, Development, Test and Evaluation

The Conference Report includes **\$65.2 billion** for Research, Development, Test and Evaluation, which is \$1.65 billion above the Senate-passed bill, and \$3.4 billion above the President's request.

Items of note include: Consolidation of the MEADS and PAC-3 programs in the Army consistent with the President's request. Increased funding for the Littoral Combat Ship. Full funding for: the Special Operations CV-22 program; the Army Future Combat System; and the Army Comanche helicopter program.

The following section highlights major Research, Development, Test and Evaluation (RDT&E) funding including also the Senate-passed and Administration-requested numbers for comparison.

	Conference Report	Senate-passed	Budget request
▪ Army RDT&E:	\$10.364 billion	(\$9.513 billion)	[\$9.123 billion]
▪ Navy RDT&E:	\$15.146 billion	(\$14.886 billion)	[\$14.107 billion]
▪ Air Force RDT&E:	\$20.501 billion	(\$20.086 billion)	[\$20.336 billion]
▪ Defense-Wide RDT&E:	\$18.901 billion	(\$18.774 billion)	[\$17.974 billion]
▪ Operational Test And Evaluation, Defense:	\$305.8 million	(\$304.8 million)	[\$286.7 million]

Title V – Revolving and Management Funds

Defense Working Capital Funds. The conferees recommend an appropriation of \$1.64 billion for the Defense Working Capital Funds (\$1.45 billion in the Senate-passed bill). The conferees are concerned that the current Meals Ready-to-Eat (MRE) inventory does not provide adequate stock levels to meet documented war reserve requirements. The conferees applaud the Defense Logistics Agency for identifying a higher MRE war reserve requirement and direct the Secretary of Defense to fund the increased requirement in the Department's FY 2005 budget submission.

National Defense Sealift Fund. The conferees provide \$1.07 billion for the National Defense Sealift Fund.

Title VI – Other Department of Defense Programs

The Conference Report includes \$18.23 billion for Title VI, which is \$43.5 million below the Senate-passed bill, but \$327.9 million more than the President's request. Title VI in the Conference Report includes \$15.73 billion (\$15.66 billion in the Senate-passed bill) for

the Defense Health Program. Title VI also includes \$1.5 billion for Chemical Agents and Munitions Destruction by the Army; \$835.6 million for Drug Interdiction and Counter Drug Activities; and \$162.4 million for the Office of the Inspector General.

Title VII – Related Agencies

- The Conference Report includes in Title VII:
- \$226.4 million for the Central Intelligence Agency Retirement and Disability System Fund;
 - \$175.1 million in appropriations plus a transfer of \$44.3 million from the Department of Justice for the Intelligence Community Management Account;
 - \$18.43 billion for the Kaho’olawe Island Conveyance, Remediation, and Environmental Restoration Fund; and
 - \$8 million for the National Security Education Trust Fund.

Title VIII – General Provisions

The General Provisions title includes proposals that have been incorporated into previous appropriations bills, provisions requested by the Department of Defense, and new programs. The conferees recommend rescissions for FY 2003 totaling \$325.56 million. Title VIII also rescinds \$3.49 billion from the Iraq Freedom Fund, and includes a general provision that allows the Department of Defense to waive subsistence costs for those military personnel who are hospitalized during FY 2004 for combat injuries.
